

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RECORD REQUESTS

THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO ALL PARTICIPANTS

D.T.E. 05-40

Respondent: John Allocca

Date: September 27, 2005

Record Request AG-1

- Q. Are there any other reasonable efforts that TransCanada is required to undertake to minimize the financial risk to KeySpan in the event that TransCanada is unable to proceed with its proposed pipeline expansion project besides those identified by Mr. Allocca at pages 9-11 of the transcript?
- A. Pursuant to Paragraph 13 of the TransCanada Precedent Agreements (exhibits JEA, 7, JEA, 10 and JEA-13 sheet no.12) TransCanada must use commercially reasonable efforts to minimize all cost payable by the Company to TransCanada upon the occurrence of an event of cancellation. Specifically, TransCanada is required to (i) minimize cost committed to prior to TransCanada receiving and accepting all of the TransCanada authorizations and (ii) make efforts to utilize in a prospective expansion within a reasonable period of time equipment, materials or internal work product arising out of the requested service that was cancelled.